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NEWS FOR INVESTORS

About 225 Social Policy Resolutions Are Pending, But Recent SEC Decisions Could Thin the Numbers

The 1993 proxy season gets going in an atmosphere of unusual uncertainty.

As of the first of the year, IRRC had identified about 225 pending social policy shareholder resolutions—some 40 fewer than at this time a year ago. While that's not a dramatic drop, a big question mark surrounds the number that will actually come to votes; a batch of 1992 Securities and Exchange Commission staff decisions, the most important of which came after last year's proxy season, provide precedents for knocking out many resolutions that were admissible in earlier years. (See the box on p. 5 for details.)

But those decisions don't guarantee that social policy proposals will be eliminated wholesale. A new administration thought to be more sympathetic to social issues is on the way; a court case that could overturn one of the SEC decisions is in progress; and a lawsuit challenging the SEC's October "Cracker Barrel" decision that would allow companies to exclude all employment-related proposals is expected shortly unless the SEC rescinds the ruling. Moreover, some companies may not test the relevance of some decisions, and an early SEC staff ruling requiring Rockwell to have a vote on a military resolution gives comfort to proponents who have been concerned that the commission had turned sour on all social issues.

Major Issue Areas

As in 1992, the issue areas with the largest numbers of proposals are South Africa and the environment. But the number of South Africa-related resolutions has fallen to about 40, enough to drop that issue into the number two category, and important changes have occurred in both campaigns.

In the case of South Africa, for the first time in years, no proponents are asking companies to withdraw. Church shareholders are following the New York State Common Retirement Fund's 1992 lead in asking companies not to expand their operations in South Africa, though their resolution differs from New York's in including a second clause asking companies to review and comment on a proposed code of business conduct.

In the environmental area, what were called the Valdez principles in the last three proxy seasons have been renamed the Ceres principles, and the language has been revised to try to meet some of the objections of institutional investors who opposed Valdez resolutions. Forty-eight resolutions on the Ceres principles are pending, by far the bulk of the proposed resolutions on the environment.

Other issue areas with large numbers of resolutions include the military, with 26, most of which have been offered in the past but not necessarily to the same companies, and tobacco, with 17. The proponents of resolutions on tobacco questions are continuing to stress concerns about advertising with both cigarette companies and publishers. The other issues with big chunks of resolutions—maquiladoras and Northern Ireland, both with 16,

continued on p. 3

Corporate Governance:
Churches link pay to social issues
page 13

Economically Targeted Investing:
Proponents look to Clinton for support
page 16

IRRC's Checklist:
New proposals and annual meeting dates
page 19

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IN THIS ISSUE

Cover Story

This issue of *News for Investors* is IRRC's 21st annual proxy season preview of the social policy shareholder resolutions that are pending for the year's annual meetings. The main story gives an overview of the proxy season and describes the proposals, which fall into the following areas: 1

South Africa 3
The Ceres principles 4
Other environmental proposals 6
Community reinvestment 6
Smoking and alcohol consumption 7
Northern Ireland 8
Military issues 8
Operations in Myanmar 10
Maquiladora plants 10
Foreign prison labor 11
World debt crisis 11
Drug pricing 11
Infant formula 12
Equal employment 12
Health care policy 12
Occupational health 12
Plant closings 14
Political action committees 14
Pornography 14
Television programming 14
Energy 15
Animal protection 15
Corporate contributions 15

Features

A rundown of 1992 SEC decisions that could affect the 1993 proxy season 5

Principal proponents and coordinators of 1993 resolutions 9

Church-sponsored corporate governance proposals for 1993 13

Report on a recent conference on economically targeted investing 16

Updated checklist of 1993 social policy resolutions 19

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could be affected by the Cracker Barrel decision since both subjects are obviously employment-related.

New Issues

In a campaign bolstered by recent Federal Reserve reports citing evidence of widespread lending discrimination, seven banks are asked to report on lending to poor and minority applicants, and a pending proposal to the Federal Home Loan Mortgage Association raises the same issue. This is the first time since the early 1980s that resolutions have appeared on community reinvestment. A brand new shareholder issue is presented in the form of a proposal asking PepsiCo to end operations in Burma (now Myanmar) "forthwith." Two new environmental proposals seek to extend the process for reporting on reductions in chemical releases to operations abroad. The General Board of Pensions of the United Methodist Church, under pressure from the right, has submitted a new proposal to Wal-Mart on the sale of "adult fiction."

Another new issue is drug pricing, broached in a group of five church-sponsored resolutions that stress the hardship of prescription drug expenditures for many of the elderly. The United Brotherhood of Joiners and Carpenters has proposed four new resolutions on occupational health and safety. The Carpenters also have two resolutions asking companies to investigate and report on the effects of various health reform proposals. Those resolutions were legitimized by last April's court decision requiring Dole Food to have a vote on a similar proposal, and the resolution to Dole is back as well.

The Proponents

Most of the 1993 proponents are experienced sponsors. Church groups whose shareholder activity is coordinated by the Interfaith Center on Corporate Responsibility as usual top the list of shareholder proponents, offering proposals in almost every issue area. The New York State Common Retirement Fund continues to be active, sponsoring the proposals on non-expansion in South Africa and also cosponsoring many of the Northern Ireland resolutions. New York City continues to coordinate the Northern Ireland campaign and to submit resolutions on strategic sales in South Africa, and it is proposing scattered resolutions in other areas. The United Brotherhood of Carpenters has a substantial shareholder effort in both social issues and corporate governance, but other unions are less visible than they were a year ago, perhaps awaiting the outcome of the Wal-Mart case.

Other familiar sponsors include Franklin Research & Development, Friends of the Earth, the GE Stockholders' Alliance, the Minnesota State Board of Investment, People for the Ethical Treatment of Animals, U.S. Trust and a number of individual stockholders.

The sections that follow describe the shareholder resolutions pending for 1993 that we will be tracking in *News for Investors*.

South Africa

Non-expansion: While the New York State Common Retirement Fund is again proposing non-expansion resolutions, it has changed its proposal somewhat. It is asking companies not to expand investment "until an interim government representing the major interest groups in South Africa has been established to oversee the transition toward a democratically adopted new constitution for South Africa." That language moves up the timetable from the one in the fund's 1992 proposal, which asked that companies not expand operations until a new constitution is in effect.

The fund has filed its resolution at Arvin Industries, Baker Hughes, Crown Cork & Seal, Deere, Donaldson, Echlin, Gillette, Harnischfeger, Harsco, International Flavors & Fragrances, Parker Hannifin, Phelps Dodge, Timken, Union Carbide and United Technologies. The fund had proposed non-expansion resolutions to all of the companies except Arvin, Crown Cork, Harsco and Timken for 1992.

Gillette is arguing that it should be able to exclude the resolution under the fall 1992 Kennametal decision (see p. 5), noting that a withdrawal resolution failed to get enough support for resubmission two years ago. Acknowledging that fact, the Common Retirement Fund is taking issue with the SEC's reasoning in its decision. In a letter dated Dec. 15, the fund argues that it had reordered its shareholder effort not because withdrawal resolutions were beginning to fail to win enough support for resubmission, but because of the changing political situation in South Africa. The fund suggested that "continued filing of withdrawal proposals...could serve to inhibit future gains by, in effect, punishing the South African government for its progressiveness." But it argued that it was appropriate to ask companies not to expand at this time because "the potential still existed for destabilizing retrenchment by the present government" and the fund believed "the company should not facilitate any movement in that direction by providing new and expanded capital opportunities in that country." The fund concluded that "it is both ironic and disheartening" that the SEC staff "would begin now to rein in its heretofore broad-minded perspective on the South Africa issue when all appearances suggest that, with some contin-

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ued economic prodding, that country might soon achieve a truly representative government."

The non-expansion resolution filed by church groups includes two points. Its first point is similar to the resolved clause of New York's resolution; it asks companies not to invest new capital or expand operations "until a representative interim government is established to lead the country to a nondiscriminatory, constitutional democracy." A second point asks companies to "review the new code of corporate conduct as it emerges, and report to shareholders the company's response and any plans to implement the code's provisions once an interim government is established." A whereas clause in the proposal elaborates on this, noting that the South African Council of Churches, African National Congress and Congress of South African Trade Unions are working on a code for corporate conduct "to repair apartheid's economic devastation and build a democratic society" that would encompass such issues as protecting the environment and occupational health and safety.

This resolution has been filed with Allergan, American Cyanamid, Bandag, Caterpillar, Chevron, Ingersoll-Rand, Johnson & Johnson, Molex, Schering-Plough and Texaco.

Cut remaining ties: In a major switch from the emphasis of the last few years, church shareholders and/or New York City are asking only four companies that have withdrawn from South Africa to cut remaining non-equity ties as well. Recipients of cut-ties proposals are long-time targets Boeing, IBM, Tenneco and Unisys. The resolution to IBM, which has received high votes for several years, is again also sponsored by a group of IBM employees.

Sales to strategic entities: New York City pension funds are continuing to exercise their mandate to ask companies to stop making sales to strategic industries in South Africa, although a number of those resolutions have dropped out because they weren't eligible for resubmission this year and the funds aren't adding any new targets. They have resubmitted last year's resolutions that ask Amdahl not to make sales to Escom; ask American Cyanamid to report on sales to Escom; ask Ingersoll-Rand not to make sales to either Sasol or Escom; and ask Dresser Industries to report on its sales to Sasol.

New York City is also again asking General Motors to ensure that Delta, which acquired its former South African subsidiary, doesn't sell to the police and military.

Banks and South Africa: Church shareholders are keeping up the pressure on banks not to do business with South Africa—pressure that they feel has been particularly effective in bringing the country closer to the end of apartheid. For 1993 they are proposing resolutions to six banks—Chase Manhattan, Chemical Banking, Citicorp, Firstar, J.P. Morgan and NationsBank. The resolutions vary somewhat. Chemical and Citicorp are asked not to invest new capital or expand operations. Chase, Firstar, Morgan and NationsBank are asked to "hold no account of any public or private South African entity, nor provide any other correspondent banking services, such as transmission of funds, for South African entities" and to provide no new trade credits to any sector of the South African economy. Chase, Firstar and NationsBank are also asked not to convert further South African exposure into 10-year loans, and Firstar is also asked not to provide new loans to any sector of the South African economy.

The Ceres Principles

Most of the action in the environmental area involves the Ceres principles, which were known as the Valdez principles until this spring, when the coalition that wrote the environmental code changed the name and revised the principles to make them somewhat less confrontational. In particular, the section of principle nine that disturbed a number of institutional investors—a requirement that a board member represent environmental interests—has been removed. The principles now also include a disclaimer that: "These principles are not intended to create new legal liabilities, expand existing rights or obligations, waive legal defenses, or otherwise affect the legal position of any signatory company, and are not intended to be used against a signatory in any legal proceeding for any purpose."

As in 1991 and 1992, there are two types of resolutions on the principles—one asking for reporting and one asking for a commitment to support them. The resolved clause of the latter type asks companies to "endorse" the principles, whereas last year's version asked them to "sign." The supporting statement spells out the request by asking the recipient to (1) state its endorsement in a letter signed by a senior officer; (2) promise to implement the principles; and (3) annually complete the Ceres report. The reporting resolution asks companies to report on their activities in the 10 categories covered by the principles and on their attitudes toward the Ceres campaign.

More than three-quarters of the resolutions that activists are filing ask companies to endorse the principles; the remainder request reporting.

Companies that have received the endorsing resolution are: Allied-Signal, American Cyanamid, American

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1993 Proxy Season Question Mark: The Effect of 1992 SEC Decisions

As discussed in the proxy season preview that begins this newsletter, several 1992 SEC staff decisions provide important precedents that could alter the shape of the 1993 proxy season for social policy shareholder resolutions. Following are capsule summaries and references to those decisions.

Employment-related resolutions: On Oct. 13 in a no-action letter to Cracker Barrel Old Country Store, the SEC staff told the company that it could omit a resolution asking it to pledge not to discriminate on the basis of sexual orientation. In a statement that went far beyond the issue at hand, the letter said, "The fact that a shareholder proposal concerning a company's employment policies and practices for the general work force is tied to a social issue will no longer be viewed as removing the proposal from the realm of ordinary business operations." (Companies do not have to have votes on shareholder resolutions that raise ordinary business issues.) The New York City Employees' Retirement System, the proponent of the resolution, has asked the full commission to review the decision. If it is not reversed, NYCERS is expected to go to court.

Taken to its farthest reach, it appears that the Cracker Barrel policy could have the effect of eliminating as many as 46 resolutions—eight on equal employment, 16 on maquiladoras, 15 on Northern Ireland, four on occupational health, 11 on a South African code of conduct and seven on military conversion, although few of these proposals have been challenged on the basis of the Cracker Barrel decision so far. For a full discussion of the Cracker Barrel ruling, see the lead story in the November 1992 issue of *News for Investors*.

The Cracker Barrel letter expanded on a April 10 decision allowing Wal-Mart to omit a shareholder resolution asking for a report on affirmative action policies and progress in which the SEC staff said the resolution could be omitted because it requested "detailed information" on employment issues. That decision could knock out all eight pending EEO proposals, but it is the subject of a lawsuit that could be settled before proxy season. The decision is described on p. 5 of the May issue of *News for Investors*; the lawsuit is the lead story in the July issue and the subject of a story on p. 4 of the December 1992 issue.

A new resolution to a company in a familiar subject area: In an April 3 letter to Interpublic Group and an Aug. 24 letter to Kennametal, the SEC staff reversed course and held that shareholder proponents must wait for a full three years before proposing any resolution on a question relating to South Africa at a company where a South Africa-related proposal fails to receive enough support for resubmission. Before that (for example) proponents could substitute a resolution asking a company to report on its operations in South Africa if a resolution that asked it to withdraw from South Africa had failed to receive enough support the previous year. A number of companies that have received the new batch of non-expansion resolutions this year have challenged them on grounds that other recent resolutions hadn't gotten the requisite support. Moreover, if the SEC staff decides to apply this interpretation in other areas, it could affect issues ranging from animal testing to tobacco. The decisions are discussed in depth on p. 6 of the May 1992 issue of *News for Investors* and the lead story in the September issue.

Charitable contributions: In Feb. 20 letters to Pacific Telesis and SCE Corp., the SEC staff decided that earlier decisions requiring companies to include shareholder resolutions asking them to make specific contributions had been "in error." Feb. 19 letters to IBM and Exxon and followups to other companies allowed them to omit resolutions asking them not to make contributions to entities that support abortions. These were decided on rather narrow grounds, but this year's batch of abortion-related resolutions may also be in trouble. See p. 5 of the March 1992 issue of *News for Investors*.

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Express, AT&T, Bristol-Myers Squibb, Chevron, Chrysler, Cooper Industries, Corning, R.R. Donnelly, Eastman Kodak, Exxon, Ford Motor, FPL Group, General Electric, General Motors, Georgia-Pacific, W.R. Grace, Great Lakes Chemical, GTE, International Paper, ITT, Kimberly-Clark, Louisiana Pacific, Martin Marietta, McDonald's, Mobil, Newmont Mining, Occidental Petroleum, PepsiCo, Phillips Petroleum, RJR Nabisco, Safety-Kleen, Tenneco, Union Carbide, USX, Vulcan Materials, Waste Management, Westinghouse, Weyerhaeuser and Wheelabrator. (The resolution to International Paper has a special supporting statement that notes that a district judge had found the company's response to a 1992 proposal on the principles to be misleading; the case is being appealed—see NfI/September 1992/p. 3.) Resolutions to Baxter, Merck and PPG have just been withdrawn.

The companies listed for the reporting resolution are Atlantic Richfield, Coastal, Homestake Mining, Kerr-McGee, Maxus Energy, Oregon Steel and Union Pacific.

Other Environmental Proposals

There are few environmental proposals that don't deal with the Ceres principles, but those that have been filed are new.

Chemical emissions abroad: Friends of the Earth has arranged for the filing of resolutions to Exxon and Du Pont on foreign reporting of chemical emission reductions. The resolved clause asks the companies to "take immediate steps to extend the U.S. Toxics Release Inventory reporting process now used in the United States—including public disclosure—to the proper authorities in the 80 or more foreign countries in which" they operate. The rest of the resolution makes the case that the Toxics Release Inventory has enabled the companies to demonstrate progress in reducing chemical releases to the environment, and that extending the procedure to operations abroad will enable the companies to "demonstrate long-term commitment" to the countries in which they operate and reassure public officials and consumers in those countries.

Information on accidents and environmental practices: Church shareholders have proposed a new resolution to Union Carbide that asks the company "to provide to the inquiring public, employees, and shareholders its policy position and actual records on chemical safety, accident occurrence or prevention, and risk to the environment, employees and neighboring communities." The resolution seems to be aimed at receiving information about a recent accident at Carbide's Seadrift, Texas, plant, which the resolution asserts compounds "its earlier accident history in West Virginia and at Bhopal, India."

Ozone depletion: The one resolution that relates to concerns about the ozone layer is a proposal to Great Lakes Chemical, one of the two U.S. companies that manufacture methyl bromide. The resolution asks the company to adopt a policy on the public health dangers of the chemical and rapidly move to phase out production.

Community Reinvestment

This is one of the major new issues of the proxy season, a request for information about lending in low-income and minority neighborhoods. Catholic Healthcare West, a consortium of hospitals in the western United States, is proposing the resolution to Banc One, Barnett Banks, National City and Sun Trust, and church shareholders have filed it with Comerica and Chase Manhattan. Another proposal, filed by Franklin Research, has already been withdrawn at Norwest.

The resolution to banks asks them to provide information for their holding companies and each subsidiary in the following six areas: "1) report of recent Community Reinvestment Act performance evaluation; 2) tabulation of the total amount of mortgage lending subject to reporting under the Home Mortgage Development Act and percentages of home mortgage loans for owner-occupied housing and multi-family housing, giving the percentage of units allocated for low-income households; 3) percentage of mortgage loans originated in low-to-moderate income tracks, the percentage of all loans by race/ethnicity of the borrower, and the percentage of borrowers with incomes below 80 percent of the median family income for each metropolitan area; 4) the total amount of small business loans and housing construction loans, with additional information broken out along the lines of #2 and #3 above; 5) a description of technical assistance and advertising programs for low-income, minority borrowers in securing loans, and a description of a lending strategy for the next five years, with plans to improve service to local communities; and 6) a description of the approach used to track HMDA reported loans, including how often the data is updated and proposed methods to improve the tracking system."

In addition to the resolution to banks, church shareholders have proposed a resolution to the Federal Home Loan Mortgage Association asking for a report on multi-family lending in large metropolitan areas. Freddie Mac isn't regulated by the SEC, and it isn't clear whether that resolution will come to a vote.

IRRC has just learned that the Carpenters' Pension Fund of Southern California has also filed a resolution—to Chemical Banking—on community reinvestment. The proposal asks the

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company "to develop a thorough analysis of the bank's lending record with respect to low-and middle-income and minority credit applicants" that is "patterned after the Boston Federal Reserve Bank's October 1992 study."

Smoking and Alcohol Consumption

Undaunted by the poor showing so far of their campaign to use the shareholder resolution process to press anti-smoking health concerns (only four of nine proposals managed enough support for resubmission last year), church groups and health activists are pushing ahead with a raft of proposals.

Advertising: The bulk of this year's resolutions relate to cigarette advertising in one way or another.

Advertising by publishers—A proposal to publishers is being resubmitted to Gannett and Time Warner and proposed for the first time to Knight-Ridder. The proposal asks the companies to establish a review committee of outside directors and experts that would report on its findings on consumer perceptions of their cigarette ads, including 1) whether children perceive models in cigarette ads to be under 25; 2) whether children identify with any cartoon characters in the ads; 3) whether women see that models portray smoking as a way of being thin and beautiful; and 4) whether smokers believe that cigarettes advertised as having low tar and nicotine reduce health risks.

Advertising by manufacturers—In addition to submitting proposals to advertisers, activists are again asking American Brands and Philip Morris to examine their own compliance with the voluntary code, looking at most of the same issues the publishers are asked to consider and then discussing possible policy changes ranging from not depicting individuals engaging in sports to not advertising in magazines with more than 25 percent readership by minors. For the first time since it went public again, RJR Nabisco is receiving resolutions on tobacco issues. The company has a proposal similar to the ones to American Brands and Philip Morris, which also asks specifically "if the Camel cartoon character has special appeal to children."

Advertising to targeted audiences—American Brands also has a new second advertising resolution. It asks for a special report on promotion of lower-priced cigarettes to African-Americans and low-income persons.

Cessation of advertising—The other resolution with a primary focus on advertising is a proposal to UST (which produces snuff and chewing tobacco) that asks it to adopt a policy that leads to the gradual cessation of advertising and promotion of smokeless tobacco products. Last year's resolution asking for a report on promotion to minors failed to receive enough support for resubmission.

Health warnings—A new church-sponsored resolution asks Philip Morris and Loews to include warnings on all forms of marketing relating to cigarettes. The resolved clause asks that the boards adopt the following policy for 1994: "All promotional and advertising items for the company's tobacco products distributed anywhere shall include clear and effective health warnings about the dangers of addiction, disease and death due to smoking." The supporting statement makes clear that the proponents are particularly concerned about company symbols and logos at sporting events sponsored by cigarette companies, which they believe encourage young people to smoke.

Contradictions between smoking and insurance: New resolutions to American Brands and Loews, both of which have tobacco and insurance divisions or subsidiaries, address what the proponents see as contradictions between the two types of business. The resolutions request a special report to shareholders by Jan. 1, 1994, that would discuss the company's policies on non-smoking environments within each of its divisions and any assistance offered to employees or insured persons to help them stop smoking. Other aspects of the report would summarize research by the company related to the health hazards of smoking or the reduced longevity of people who have been insured by the company. The resolutions also ask for the annual estimated impact smoking had on each company's insurance payments for deaths attributable to smoking between 1987 and 1992, and the annual estimated earnings the company realized from its tobacco operations between 1987 and 1992.

Church shareholders have filed a new resolution with Aetna asking for a review of "the appropriate ethical responses for Aetna to take as an investor in tobacco companies." The review would focus on four areas: "(1) The appropriateness of holding stock in tobacco companies and whether it is socially or financially responsible to divest of this stock; (2) Ways in which Aetna can keep its shares and creatively express itself as a major investor to the tobacco companies re their policies and practices; (3) Whether Aetna should maintain interlocking directors with tobacco companies; (4) The impact smoking has on Aetna insurance payments for smoking attributable deaths, diseases or property loss."

The same proponents withdrew a similar resolution last year when Aetna promised to issue the report. A representative of the proponents told IRRC that they had decided to file a new resolution with Aetna on the same issue because they felt that the statement that emerged wasn't specific enough, and that Aetna hadn't ad-

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equately justified its tobacco holdings. Since then, the proponents have been in discussions with Aetna that they hope might lead to a more substantial agreement and a withdrawal again this year.

Lobbying: Since the company is including the two advertising-related proposals in its proxy statement, church proponents have already withdrawn a new resolution to Philip Morris asking for a report on lobbying and funds spent to defeat legislation and regulations to curb smoking.

Smoke-free facilities: Church shareholders are asking McDonald's and PepsiCo to "create a policy to make all corporate facilities smoke-free by 1995." The SEC staff has also always held that resolutions on smoking in the workplace were ordinary business questions, but the proponents hope that recent reports on the effects of environmental tobacco smoke (passive smoking) might spur a change of heart.

Cigarette-free pharmacies: Two drug chains, Melville and Rite-Aid, are asked to make their "facilities smoke-free and to refuse to stock and/or sell any cigarettes." This proposal also appears headed for trouble on ordinary business grounds.

Liquor advertising: The one resolution on alcohol this year is from Dr. John Slade, who proposed a resolution on beer marketing to Philip Morris last year that failed to receive enough support for resubmission. His new resolution, which is also to Philip Morris, asks the company to "adopt the definition of moderate drinking used by the federal government in its 'Dietary Guidelines for Americans' and use this in the company's public service announcements about moderate, responsible drinking." The supporting statement says the company's public education efforts to encourage moderate drinking "have been criticized for sending mixed messages about drinking and for being vague about what constitutes moderate drinking."

Northern Ireland

Linda Quinn, director of the SEC's Division of Corporation Finance, told a conference on proxy voting in New York City Dec. 3 that the division would agree to companies' requests to omit Northern Ireland shareholder resolutions from their 1993 proxy statements using the precedent of the October 1992 Cracker Barrel decision. So far, though, IRRC has found only two companies—GATX, which has never had a Northern Ireland proposal before, and United Technologies—that have tried to get the resolution omitted on the basis of that ruling. New York City, which coordinates the Northern Ireland shareholder campaign, has been notably and successfully litigious, and some companies may prefer to include the proposal rather than risk a lawsuit.

While the fate of the Northern Ireland shareholder campaign is up in the air because of the Cracker Barrel decision, in any case there are fewer Northern Ireland resolutions than in the past because companies have continued to reach agreements with New York City that eliminate the need for shareholder action. Sixteen proposals are pending, of which one at least—at Baker Hughes, where it is in the proxy statement—will certainly come to a vote. Last year, MacBride supporters initially submitted 24 resolutions.

The texts of the Northern Ireland resolutions are identical to last year's. As in earlier proxy seasons, the bulk of this year's resolutions are MacBride proposals. The resolution on the MacBride principles again asks companies to "make all possible lawful efforts to implement and/or increase activity on each of the nine MacBride principles."

This year the MacBride resolution is being proposed to American Brands, Baker Hughes, Dun & Bradstreet, GATX, Interface, James River, McDonald's, PepsiCo, Unisys, United Technologies and Xerox.

The other resolution asks The Gap, Illinois Tool, Marsh & McLennan, McDonnell Douglas and Minnesota Mining to report on their operations in Northern Ireland. The resolution asks that the report include: "the company's equal employment opportunity policy and practices; plant location; ways to increase the number of jobs and the minority representation at the plant."

Military Issues

An unusually large number of resolutions—26—on military issues are pending, but most are familiar from earlier proxy seasons. A new church-sponsored resolution asks two companies not to develop or sell land mines. The rest of the resolutions are proposals written for earlier proxy seasons that deal with nuclear warhead production, foreign military sales, economic conversion, star wars and military criteria.

Land mines: Church proponents are asking Motorola and Raytheon to "end all research, development, production and sale of land mines." The same proposal was withdrawn at Olin when the company said it does not produce the mines.

Foreign military sales: Church resolutions asking for reports on foreign military sales have been submitted to Boeing, FMC, General Motors, Grumman, McDonnell Douglas, Textron and United Technologies. The proposal to Grumman, McDonnell Douglas and Textron asks the companies to report on the criteria they use to accept contracts; the procedures by which they engage in foreign military sales directly with governments or through the U.S. government; and the

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Principal Proponents and Coordinators of 1993 Shareholder Resolutions

Following, where available, are the names, addresses and telephone numbers of the principal proponents and coordinators of the 1993 shareholder resolutions on which IRRC's Social Issue Service will be issuing reports. Abbreviations in parentheses refer to the symbols that identify the proponent in the checklist on pp. 19-23. All of the church groups listed are affiliated with the Interfaith Center on Corporate Responsibility and coordinate their shareholder activity through the center, but some of the larger church filers are identified separately in the checklist.

Mary Ott, P.O. Box 262, Duxbury, MA 02331, 617-934-0498
Amalgamated Clothing and Textile Workers Union, c/o Michael Zucker, 1808 Swann St. N.W., Washington, DC 20009, 202-745-1710 (ACTWU)
American Baptist Churches, c/o Andy Smith, P.O. Box 851, Valley Forge, PA 19482, 215-768-2459 (ABC)
Carpenters Pension Fund of Southern California, S. Virgil Ave., Los Angeles, CA 90020, 213-386-3590.
Catholic Healthcare West, c/o Susan Vickers, 1700 Montgomery St., San Francisco, CA 94111, 415-397-9000 (CHW)
Christian Brothers Investment Services, c/o Gerard Frendreis, 675 Third Ave., New York, NY 10017, 212-490-0800 (CBIS)
Communications Workers of America, c/o James Irvine, 501 Third St. N.W., Washington, DC 20001, 202-434-1302 (CWA)
Gregory Connolly, 399 Common St., Belmont, MA 02178, 617-484-7496
Evangelical Lutheran Church in America, 8765 W. Higgins Rd., Chicago, IL 60631, 312-380-2863 (ELCA)
Franklin Research & Development Corp., c/o Stephanie Leighton, 711 Atlantic Ave., Boston, MA 02111, 617-423-6655 (FRDC)
Friends of the Earth, c/o Jack Doyle, 443 Airport Rd., Bethel, PA 19507, 717-933-9230 (FoE)
General Board of Pensions of the United Methodist Church, c/o Vidette Bullock, 1200 Davis St., Evanston, IL 60201, 708-869-4550 (GBPUMC)
GE Stockholders' Alliance Against Nuclear Power, c/o Pat Birnie, 2001 83rd Ave., Lot 1252, St. Petersburg, FL 33702, 813-576-7750 (GESA)
Melvin E. Horton Jr., P.O. Box 3486, Omaha, NE 68103, 412-333-3273
Patrick Inniss, 115 N. Marguerite, Ferguson, MO 63135
Interfaith Center on Corporate Responsibility, c/o Timothy Smith, Room 566, 475 Riverside Dr., New York, NY 10115, 212-870-2293 (ICCR)
James Leas, 5718 Wilson Lane, Bethesda, MD 20817, 301-320-3329
Shirley Leschin, 112 W. Church St., Marshalltown, IA 50158, 515-752-0672
Minnesota State Board of Investment, c/o Art Blauzda, 55 Sherburne Ave., St. Paul, MN 55155, 621-296-3328
New York City Pension Funds, c/o Pat Doherty or Ken Sylvester, 1 Centre St., Room 510, New York, NY 10007, 212-669-2013 (NYC)
New York State Common Retirement Fund, c/o Thomas O. Pandick, Director of Investor Affairs, Office of the State Comptroller, Albany, NY 12236, 518-474-5750 (NYSCRF)
Oil Chemical & Atomic Workers Union, c/o Richard Leonard, 255 Union Blvd., Lakewood, CO 80228, 303-987-2229
People for the Ethical Treatment of Animals, c/o Kathy Guillermo, P.O. Box 42516, Washington, DC 20015, 301-770-7444 (PETA)
Louis D. Putney, 4805 S. Himes Ave., Tampa, FL 33611, 813-831-3376
Mark Seidenberg, c/o Carl Olson, Fund for Stockowners Rights, P.O. Box 7981, Northridge, CA 91602, 703-276-3330 or 818-886-5710
John Slade, University of Medicine & Dentistry, 254 Easton Ave., New Brunswick, NJ 08903, 201-745-8600
United Brotherhood of Carpenters and Joiners, c/o Ed Durkin, 101 Constitution Ave. N.W., Washington, DC 20001, 202-546-6206 (UBCJA)
U.S. Trust, c/o Lawrence Litvak, 30 Court St., Boston, MA 02108, 617-726-7000

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categories of military equipment exported for the last three years, contracts for servicing equipment and licensing or co-production agreements. The other companies are just asked to provide a "comprehensive report."

Military conversion: Church shareholders are submitting last year's resolution on conversion from military to civilian production to six companies—Eaton, General Dynamics, Honeywell, Northrop, Sundstrand and Texas Instruments. Texas Instruments has challenged the proposal on ordinary business grounds, citing the Cracker Barrel decision; the company maintains that "the employment-based nature of the proposal is evident." The proposal asks the companies to report to all shareholders on such as issues as the job skills and number of employees dependent upon military contracts, criteria used for decisions to continue weapons production and a summary of corporate policy on weapons manufacture, policies and procedures for diversification of contracts, and a summary of the strategic planning process for studying civilian commercial directions.

In addition, the GE Stockholders Alliance has resubmitted a resolution that asks General Electric to make economic conversion part of its business plans for each plant site with a military contract. Church and union sponsors are also filing a resolution asking Unisys to establish a "mandatory alternate-use planning committee" and "process for cooperation with unions or labor representatives" at each plant site. This is similar to a resolution that Unisys was allowed to omit on ordinary business grounds in 1992, and though it has been rewritten to stress the company's involvement with military production, it would still appear to be vulnerable.

Military criteria: Church requests for defense companies to develop social and moral criteria for evaluating and carrying out military contracts have been about for years. This year church shareholders have resubmitted such a proposal to EG&G and GTE and proposed one to Rockwell. Rockwell unsuccessfully sought to omit its proposal on grounds of mootness, an argument that General Dynamics won with the same resolution at the SEC last spring.

Nuclear weapons production: Church proponents have resubmitted a resolution that asks Westinghouse to establish a plan for orderly withdrawal from the nuclear weapons business, to put the plan into effect during 1993, and to make a progress report to stockholders in April 1994. A new resolution to the same effect is pending at Allied-Signal.

Strategic Defense Initiative: Church shareholders are submitting their standard space weapons disclosure resolution to GenCorp, Lockheed and TRW. None of those companies received the resolution last year.

The resolution asks for a report on the current value of outstanding contracts to develop space weapons, how much of the corporation's own money is being spent on in-house research on space weaponry, and how proposed federal cuts affect the company.

Burmese (Myanmar) Operations

Support for the repressive military regime in Burma (now Myanmar) is the subject of a new church-sponsored resolution to PepsiCo. The resolution asks the company to "terminate forthwith" its operations in Burma "until political prisoners are released and political power is transferred to the democratically elected government." Pepsi has been under considerable pressure since it decided to go into Myanmar in 1991. A "boycott Pepsi" flier sent to IRRC makes the following case: "Foreign investments provide money for the military regime to continue its war against the people of Burma. This must stop! Pepsi not only supports the military regime through their investments, but also provides a useless commodity to people who are in need or more and better food and health care."

Church shareholders have already withdrawn a different resolution asking for a report on the nature of ties to Burma at Amoco after the company promised that it would respond to each point in the proposal. Amoco has been involved in oil exploration in Burma but now has only six employees there. Franklin Research & Development considered submitting the reporting resolution to PepsiCo, but decided not to proceed when the company said it would provide the information. Franklin chose not to join church shareholders in their request to PepsiCo to terminate investment.

Maquiladora Plants

Church groups are again proposing shareholder resolutions to a large batch of companies on environmental and equal employment issues involving their maquiladora (Mexican assembly) plants. Resolutions on maquiladora operations have tended not to be much of an issue for proxy voters because the proponents have been willing to withdraw them if companies were willing to sit down and talk or to offer tours of their plants. All but one of 12 resolutions on maquiladora reporting were withdrawn in 1991, and all 10 maquiladora resolutions for the 1992 proxy season were withdrawn.

A resolution pending at AT&T, Baxter International, Du Pont, General Electric, General Motors, ITT, Johnson & Johnson and Waste Management asks the companies to review their operations and provide a summary report with recommenda-

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tions for changes in policy and performance. Chrysler, Cooper Industries, R.R. Donnelly, W.R. Grace, A.O. Smith, Stepan and Zenith are asked to provide comprehensive reports on their maquiladora operations.

In addition to the resolutions on Mexican maquiladora operations, church proponents are filing a new resolution on Phillips Van Heusen's garment assembly plants in Guatemala. The proposal asks the board "to initiate a comprehensive review of the social and human rights context in which we operate in Guatemala and our Guatemalan maquila operations" and report to shareholders on request. The supporting statement expresses the hope that the review will show that the company is in compliance with the "internationally recognized rights of workers as defined in U.S. trade law and that our wages for Guatemalan workers are above the poverty line"; this emphasis would appear to take the proposal into the realm of the Cracker Barrel decision.

Prison Labor

Last year, in a switch in policy, the SEC staff allowed AT&T and GM to omit Mark Seidenberg's resolution on principles for doing business with the Soviet Union on ordinary business grounds. As a result, Seidenberg decided to try again at those companies by proposing an old resolution on Communist use of slave labor that right-wing activists who were associated with a group called Stockholders for World Freedom submitted to a number of companies in the mid-'80s.

Seidenberg's proposal asks the companies not to purchase goods produced with slave labor and to pursue the right of on-site inspection to identify slave labor use.

The resolution to AT&T has already been thrown out at the SEC because Seidenberg failed to provide proof of beneficial ownership.

The Food and Allied Service Workers Union, sponsor of a 1992 resolution asking Wal-Mart to investigate whether any of the goods it sells are made with Chinese prison labor, hasn't made up its mind whether to repropose the resolution. Jeff Fiedler, who organized last year's campaign, told IRRC that if the union does pursue the issue, it will again be through its own solicitation because "we don't do proxy statements." The Carpenters union decided not to proceed with the same proposal at Toys R Us after meetings with management persuaded the union that the company was taking precautions in this area.

Franklin Research & Development, however, has just decided to propose its own resolution to Wal-Mart that has elements of last year's union proposal. It asks the company to adopt a set of social responsibility standards that set forth compliance procedures for suppliers and contractors. One of those standards is a prohibition on the use of forced or prison labor. Other standards are: "Minimum health and safety standards that ensure a safe and healthy work environment; wages and benefits that comply with applicable laws or match the prevailing local industry practices or insure that a living wage is paid to all employees; reasonable working hours that do not regularly exceed 60 hours a week; and a prohibition on the use of child labor." Part of the impetus for the resolution is a recent "Dateline NBC" report that raised questions about the use of child labor at a Wal-Mart contractor in Bangladesh.

World Debt Crisis

As usual, church resolutions on the world debt crisis didn't fare particularly well in the voting in 1992, but church shareholders are continuing to propose two resolutions that they submitted to various banks last year and hope to be able to meet with the companies on the issue.

A resubmission to Bankers Trust asks the bank to "develop criteria for evaluation, support and utilization of financial intermediaries capable of promoting appropriate development through reliable loans and present a progress report to the 1994 annual meeting." The resolution says the proponents believe that the institutional arrangements required to support development in debt-troubled Third World countries include "competent and reliable intermediary financial institutions" that will link "large-scale capital and large financial institutions to stable, reliable smaller-scale investments."

Church groups are asking Chase Manhattan, Chemical and Citicorp to protect themselves from "irresponsible" Third World loans by establishing and disclosing to shareholders human rights, social and political criteria for extending new loans to Third World governments and writing off existing loans "that place an unneeded, unwanted and unsustainable burden on the people."

Drug Pricing

Concern over increases in the price of prescription drugs led church groups to propose new resolutions to four companies on drug pricing. The companies are Johnson & Johnson, Eli Lilly, Pfizer and Schering-Plough. The resolution has already been withdrawn at Eli Lilly.

The particular impetus for the proposal is a series of studies that show that expenditures for prescription drugs represent the highest out-of-pocket medical care cost for three out of four elderly Americans. The companies may argue that product pricing is an ordinary business issue, in which case the SEC staff will have to decide if the broad economic ramifications of

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high drug costs lift the issue out of that realm. On the other hand, the cost of prescription drugs for the elderly has become a sensitive issue, highlighted during the Clinton campaign. As a result, the target companies may be happy to provide the requested report rather than challenge the proposal—an attitude evidenced by the early withdrawal at Eli Lilly.

The resolution requests a written report within six months of the annual meeting that includes answers to the following questions:

1. What is our company's policy and formula for pricing new drugs? Who has primary responsibility for determining prices?

2. What is the time frame for recovering research and development costs on drugs? If this is not the same in all instances, what is the basis for establishing a different time frame?

3. What is the company's policy for determining the price of drugs which come off patent? Are there instances in which the price of drugs coming off patent rises? If so, why?

4. What explains the differences in prices between different industrialized countries, e.g., between the United States and Canada?

5. Is the financial situation of major segments of the population apt to use a drug (e.g., those on fixed incomes and from low income groups) taken into account in determining the price of the drug? If so, how?

The resolution to Schering-Plough only contains this sixth question: "Are current reimbursement practices (e.g., Medicare DRGs, FDA approved uses and risk adjusted capitation) taken into account in determining the price of the drug? If so, how?"

The proponents argue in the supporting statement that "Refusal to publicly address the processes by which prices are set may give the impression that companies take unfair advantage of their power to set 'unreasonably high prices' on drugs before they come off patent and could result in considerable negative publicity for our company."

Infant Formula

After concentrating for the last three years on shareholder resolutions asking companies not to market formula directly to mothers in the United States, church shareholders have returned to the broader, long-running issue of worldwide compliance with the 1991 International Code of Marketing for Breastmilk Substitutes.

The only resolution pending has been proposed to Bristol-Myers Squibb. The company had a U.S. infant formula marketing resolution only two years ago that failed to receive enough support for resubmission. The new proposal asks Bristol-Myers "to endorse and implement, within the country's legal context, the International Code of Marketing for Breastmilk Substitutes wherever it sells infant formula."

Equal Employment

Church shareholders are submitting EEO reporting resolutions to a variety of companies in the hope that they will win the Wal-Mart case before proxy season is in full swing and companies will be required to include the proposal. The EEO reporting resolutions have been proposed to Albertson's, American International Group, General Electric (for NBC), GTE, Texaco, Time Warner, Tribune Co. and Wal-Mart. Proposals have already been withdrawn at Chevron, May Department Stores and Sears.

The resolutions differ a bit, depending on the filer, but generally ask for a chart providing consolidated EEO-1 information and a summary of affirmative action programs.

Health Care Policy

Efforts by union funds and New York City pension funds to get resolutions on national health care policy into proxy statements ran afoul of the SEC's ordinary business rule in 1991 and 1992 until New York took one of its targets—Dole Food—to court and won in April 1992. At that point, it appeared that the decision might open the floodgates to health policy proposals in 1993, but in fact IRRC has found only three—two from the Carpenters union and a resubmission of the New York City resolution to Dole.

In agreeing that Dole should have to include the resolution in its proxy statement, the judge concluded April 24 that it related "to a strategic policy choice as to the prospect of a major outlay to the federal treasury, as well as possible internal changes that may affect the entire scope of Dole's employee health insurance policy." It's possible that the judge's ruling might be mooted by the Cracker Barrel decision, but the union has obviously tried hard to word this year's proposal to keep the employment angle out.

The union resolution asks Aetna and Merck to initiate a review of "the impact the major health care reform proposals will have on the company's competitive position, financial performance and shareholder wealth and report to shareholders." New York's resolution to Dole is similar.

Occupational Health

The United Brotherhood of Carpenters and Joiners has written a new resolution on occupational health and safety for submission to three companies and a second resolution to Halliburton that relates specifically to problems at its Brown & Root subsidiary. Given the very employment-related nature of these resolutions, the SEC staff would be likely to allow exclusion of any of them, if challenged,

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Church Proponents Link Corporate Governance to Social Issues

Church shareholders haven't proposed as many social policy resolutions this year as in recent proxy seasons, but they are compensating by getting more involved in corporate governance issues. And as might be expected given their long-running social concerns, a number of their corporate governance proposals have a social angle that is ignored by other proponents.

Executive compensation: This is especially true in the executive compensation arena, where church-sponsored resolutions highlight environmental and social—as well as financial—accountability. Buoyed by the 17.2 percent vote on their first executive compensation proposal, at Procter & Gamble's meeting last fall, church shareholders are proposing a revised resolution on the issue to 10 more companies for the spring proxy season. The resolution asks for an executive compensation review and report. Like the resolution to P&G, the 1993 proposal suggests that the review look at ways to link compensation to social and environmental performance. The new version adds two more proposed topics: "Ways to link financial viability of the company to long-term environmental and social sustainability (e.g., linkages that avoid short-range thinking, and instead encourage long-range planning)" and "A description of social environmental criteria to take into account (e.g., environmental lawsuits, settlements, penalties, violations, results of internal or independent environment audits)."

The resolution is pending at Bristol-Myers Squibb, Chrysler, Du Pont, Eastman Kodak, Federal National Mortgage Association, W.R. Grace, U.S. Surgical, Texaco, Wal-Mart and Westinghouse.

The resolutions to Texaco and Du Pont are more specific about environmental concerns than the resolutions to the other companies. Texaco is asked : "Should compensation for Texaco's CEO reflect the company's record of oil spills and illegal discharges that incur large fines or pollute groundwater or seepage that threatens drinking water supplies?" The resolution to Du Pont asks: "Should compensation for Du Pont's executives reflect the company's continuing role as major producer of ozone-depleting chemicals, or Du Pont's consistent EPA ranking as the U.S. company with the highest toxic releases?" Both companies have been successful at getting resolutions on environmental issues omitted in recent years, so these proposals give proponents a means of keeping their concerns before the annual meetings.

Other Governance Issues

Board inclusiveness: In addition to prodding companies on executive compensation, church shareholders are expanding a rudimentary 1992 campaign to focus attention on inclusiveness on boards of directors. An expanded resolution asks eight companies to "make a greater effort to review women and minority candidates" for the board, report on programs to encourage diversified representation and issue a statement "committing the company to a policy of board inclusiveness, steps to take and the timeline expected to move in that direction."

The proposal has been filed at Alexander & Alexander, AMP, Bristol-Myers Squibb, Genuine Parts, Premier Industries, Salomon Brothers, Texaco and Wal-Mart.

Secret ballot: Finally, church shareholders are continuing to cosponsor some of New York' City's resolutions asking companies to adopt a secret ballot; the funds' targets this year are Air Express International, American Cyanamid, Armstrong World Industries, Bally Manufacturing, Caterpillar, Dow Chemical, Federal Express, Gillette, Goodyear Tire & Rubber, Grumman, Lubrizol, Merck, Philip Morris, Timken, US Air Group and Wal-Mart. While confidential voting is a shareholder issue that has been particularly identified with pension funds in recent years, it has been a long-running concern of church shareholders, who were troubled by reports of companies' efforts to resolicit votes on infant formula proposals in the early 1980s.

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under the October Cracker Barrel decision.

The more general resolution asks Amoco, Dow Chemical and Phillips Petroleum to develop comprehensive health and safety policies that address "the concerns of shareholders, employees and communities." It asks that the company issue a report analyzing "the long-term impact of the health and safety policy on the company's competitiveness and shareholder value, employees and surrounding communities."

In the supporting statement, the resolution cites "an unacceptable level of industrial accidents in the petrochemical industry" that has spurred new regulations and argues that the manner in which the requirements are implemented "will have a profound impact on the degree to which health and safety is increased."

The resolution to Halliburton asks the company to prepare a "written report detailing the steps Brown & Root is taking to improve its construction and maintenance services, the health and safety of its employees and the safeguarding of communities in which it works." The supporting statement maintains that "numerous alarming incidents associated with Brown & Root have seriously undermined corporate performance and shareholder wealth," and it points in particular to a "60 Minutes" program report that the company knowingly exposed employees working on the Comanche Peak project to toxic substances.

Plant Closings

The Communications Workers of America have resubmitted their 1992 proposal that asks AT&T to establish a "Facilities Closure and Relocation of Work Committee" composed of an equal number of outside board members and employee representatives. The committee would weigh decisions on plant closings and the movement of work from one location to another, assessing morale and the economy of the communities involved and of the corporation. Individual shareholders are proposing the same resolution to Sprint for the first time.

Political Action Committees

IRRC has found just one resolution on political action committees, a new proposal from the Carpenters Union that is similar to the resolutions proposed by Common Cause in 1989 and 1990.

The Carpenters resolution is to Atlantic Richfield. It asks the company to provide a two-part report covering: "(1) political contributions to political campaigns, state parties, the Republican National Committee, the Democratic National Committee or other PACs by Atlantic Richfield Co., Arco PAC and the senior executive officers of the company; and (2) the company's policy on the passage of legislation that would reduce the role of PACs by placing a limit on the amount a congressional candidate may accept from all PACs and establishing spending limits in congressional campaigns similar to the spending limits in presidential campaigns."

Pornography

The General Board of Pensions of the United Methodist Church is submitting a new proposal on "adult fiction." The fund has been under considerable pressure from conservative activist Donald Wildmon of the American Family Association in Mississippi, a Methodist minister, to take a more active stance on conservative social issues.

The proposal is being submitted to K mart as the owner of Waldenbooks. It asks for a special report that describes: "1. Waldenbooks policies and practices relative to the selection of adult fiction and magazines; 2. Waldenbooks policies and practices pertaining to the display and sale of adult fiction and magazines; and 3. Notification of shareholders (in an annual or quarterly report) that this special report is available on request." The supporting statement notes that the company sells selected "adult fiction," and the proponents say that while they "support Waldenbooks' determination to defend the First Amendment guarantees of freedom of religion, of speech and of the press," they believe the proposed report would be useful in providing "concerned shareholders with the assurance that Waldenbooks is endeavoring to live up to its commitment to support family values."

IRRC has also found a tougher resolution in the same vein from an individual, Christopher Stefan. It asks K mart's board to work closely with the American Family Association to "discern such material and, if found, bring about complete termination of the sale, rental and distribution of all books, magazines and video tapes that describe or depict sexual activities between adults and children."

It's not clear that these resolutions will make it into the proxy statement. Individual shareholders have tried to propose resolutions on pornographic materials at companies from time to time, but they have always fallen afoul of the SEC's ordinary business rule.

Television Programming

This is a new resolution to General Electric (parent of NBC) from John Surr, who has proposed resolutions to the company on military issues over the years. The resolution probably doesn't have a very good chance of ending up in GE's proxy. The conservative media watchdog Accuracy in Media has proposed a number of resolutions on programming content in the last decade, but they have been thrown out on ordinary business grounds in recent years, and GE has

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already written to the SEC to cite those precedents as grounds for omission.

Surr is asking GE's board to review television broadcast standards and practices from the perspective of the role models that they create for their viewers, especially young children learning family values, and report to shareholders on request. He argues that role models of socially responsible behavior are relatively rare and that GE should take a careful look at how its own programs stack up.

Energy

Church groups have submitted a resolution on energy conservation and carbon dioxide emissions to a number of utilities. They are also returning to the issue of the controversial Canadian power project, James Bay II, with a new proposal to two of the project's underwriters.

Energy efficiency and emissions: The proposal asks companies to report on "company policies, current programs, progress to date and future plans to help ratepayers conserve energy and use more benign sources of electricity, in order to reduce carbon dioxide emissions." This resolution has been proposed to Allegheny Power, Cincinnati Gas & Electric, Dominion Resources, General Public Utilities, Niagara Mohawk and Pennsylvania Power.

James Bay: The resolution on James Bay asks American Express and Merrill Lynch to prepare reports that would include: the reasons why the company is underwriting "such a financially and environmentally controversial project" and an evaluation of its impact on "native people" in Canada.

The proponents of the resolution assert that the James Bay Project would "flood more than 10,000 Cree Indians and Inuit people from ancestral homelands" and destroy their hunting and fishing grounds. They say they are "also worried about the financial impact of this project."

Other conservation proposals: Long-time proponent Pat Birnie of the GE Stockholders' Alliance has resubmitted a resolution asking General Electric to implement a policy to support energy efficiency and renewable energy "as basic to a Sustainable Energy Strategy."

Robert Sutton is resubmitting last year's resolution to Philadelphia Electric asking the company to "expand energy conservation, reduce energy waste, utilize more renewable energy sources, implement least-cost energy planning, and minimize environmental damage in all methods chosen to serve customers."

Nuclear power: Mary Ott has resubmitted her 1992 resolution asking Boston Edison to close the Pilgrim plant.

Louis Putney continues to file resolutions with Florida Progress asking for a report on its Crystal River plant.

Another long-running proposal is the church resolution asking Union Electric to describe its efforts to reduce the release of radioactive materials to the air and water during the Callaway nuclear plant's routine operation.

Animal Protection

The animal protection movement's retreat from shareholder activism continues. Most of last year's resolutions didn't get enough support for resubmission, and the activists haven't drafted new ones to put in their place. IRRC knows of only two resolutions, both coordinated by People for the Ethical Treatment of Animals, and both repeats from last year.

One is a resolution to Gillette that asks the company to form a review committee of the board to report on use of live animals in safety testing of consumer products. This proposal may not see the light this year; Gillette is arguing that it should be able to omit the resolution under the SEC's Kennametal precedent, because it has had a variety of resolutions on animal testing in four of the last five years, and the 1992 proposal didn't receive 10 percent support.

The other resubmission is a resolution asking General Motors to "immediately end all trauma experiments using live animals." GM argues that animal research is crucial to refining dummies and making them more predictive of human response, whereas PETA maintains that in addition to killing animals, the tests provide misleading results. The resolution to GM came out of the blue last year; IRRC didn't know of its existence until proxy season was well underway. Despite the lack of publicity, the proposal received a decent vote, and PETA plans to push it much harder with an independent solicitation this year.

Corporate Contributions

Several resolutions on corporate contributions are pending, but it's not clear that most will come to votes. Resolutions on corporate contributions were common in the early 1980s and then largely disappeared until 1987, when proponents began using them as a vehicle for bringing up the issue of support for abortion. That led to other campaigns on targeted contributions, such as support for environmental issues. The SEC staff, which initially allowed the resolutions on the basis of a 1970s precedent involving support for vivisection, reversed itself in 1992 and allowed companies to leave many of the proposals out. As a result, some proponents are now trying new tacks, others—undaunted—are pursuing the same old line, and others have given up.

Abortion and family planning:

continued on p. 24

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Economically Targeted Investments: Clinton Offers An Encouraging Climate

In December, some 150 state treasurers, government officials and policy makers gathered in the nation's capital to discuss using pension funds, state deposits and other capital resources to revitalize the U.S. economy. Encouraged by the prospect of a new administration that is expected to look favorably on such ventures, the forum's attendees began laying the groundwork for a new wave of economically targeted investments, known for short as ETIs.

ETIs are designed to funnel pension fund money and other capital resources to affordable housing, small business development, student loans, job creation and training, and other social programs. Economically targeted investing is "sound, smart, good business and its absolutely essential to get the country moving again," said Linda Tarr-Whelan, executive director of the Center for Policy Alternatives, a nonprofit organization that sponsored the forum. "This is an idea that works. The evidence from states where innovative policies have been implemented makes an overwhelming case for the viability of economically targeted investing," added Tarr-Whelan. "The facts are here—the proof is on the table."

Using state monies, including pension fund assets, to achieve social or political goals is not without controversy. ETIs have been the subject of a long-running debate within the financial community, although they appear to be gaining favor recently. Just before the forum, a half-dozen state treasurers participated in a roundtable discussion and held a press conference to voice their support for ETIs. The committed and enthusiastic core of fund managers at the forum not only plan to proceed with their own ETIs, but also hope to serve as a model and resource so that others may follow their lead. Most cities and states do not have active ETI programs, although syndicated columnist Neal Peirce reports that almost half of the country's 99 largest public pension systems have made ETIs, often but not always with some type of government guarantee.

ETI proponents took pains at the forum to stress that ETIs need not compromise the rate of return for investors. The Center for Policy Alternatives described ETIs as "market rate investments with market-level risks which meet community needs....They are not 'social investments' which provide some type of social or moral screen....They are not 'benevolent investments' which sacrifice yield or risk in return for some social purpose." Catherine Baker Knoll, the treasurer of Pennsylvania, which has an active ETI program, also repeatedly emphasized that economically targeted investing "is not social investing or concessionary investing."

ETI proponents advance the idea that the goals of targeting and return are not mutually exclusive, citing instances in which ETIs have outperformed the market. New York City Finance Commissioner Carol O'Cleireacain disputed critics' claims "that you can't serve two masters." Disagreeing that "return on investment suffers when you consider external positive values," O'Cleireacain said: "They are wrong....I am hopeful that, under President Clinton, those fallacies will be exposed."

Francisco L. Borges, Connecticut's State Treasurer, also is a vocal ETI proponent. In the spring of 1992, he told *The New York Times*, "I look at economically targeted investments as a separate asset class. We want to create a mini-portfolio that performs no better and no worse than the rest of the portfolio."

Critics of ETIs

Critics of ETIs are skeptical that they will earn a competitive rate of return for retirees. Many look at the "proof on the table" and argue that while there may be exceptions, the general approach is faulty. They also point to highly publicized losses in Kansas and Connecticut to illustrate the risks involved. (Earlier IRRC coverage of the controversy over ETIs, NfI/September 1990/ pp. 173-178)

Most detractors stayed clear of the December forum, however. One of those is Edward V. Regan, New York State's comptroller, who oversees $55 million in New York State employees' retirement money. Regan actually left a state treasurers' meeting last year in the midst of a discussion on ETIs and urged the treasurers never to meet again on this subject. Regan rejects the idea that pension fund managers can do good and do well at the same time, saying that the appropriate way to manage a fund is to make the most profitable investments for the exclusive financial benefit of retirees. He told *The Washington Post*: "Pensions are for workers' retirements, and I don't think they are for anything else. That is what the law says and it shouldn't be tampered with."

Opponents of ETIs also point out

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that, in many states, taxpayers actually face a greater risk than retirees. Many state constitutions require the state to guarantee pension funds for state workers. If ETIs lose money, the taxpayers have to make up the difference. Critics also are concerned that cash-hungry state legislators will politicize the funds and use them to subsidize local projects. "When you talk about using that money for broader social purposes, you may be creating an inherent conflict between what is good for the [retirees] and what may be good for some social policy," David Sertner, legislative representative for the American Association of Retired Persons, told *The Washington Post*.

Why Pension Funds?

The strain on social services has been aggravated by the recession and the decline in traditional sources of financing, such as federal and state governments, banks and insurance companies. That has caused many to seek new sources of financing. Pension assets, up a staggering 500 percent since 1978, have become an obvious target. The nation's private and public pension funds total more than $3 trillion, with around $850 billion of these assets in public pension funds. Pension funds now equal the nation's banking sector as a capital source and, in 1992, pension funds will have allocated more than $1 trillion in investment decisions.

"Our pension funds can no longer view themselves as islands unto themselves," Pennsylvania Treasurer Knoll told reporters at the forum's press conference. "Retirees of this nation are inextricably connected to the economy of this nation. The future of our children is at stake." The Center for Policy Alternatives also argues that pension funds have a special obligation as investors of tax-exempt contributions. The center believes that this tax preference makes them generators of vast amounts of capital that should be used to strengthen long-term economic growth.

Pension funds have made limited use of their assets to provide economic development assistance to poor or minority communities thus far. In the housing sector, for example, the top 1,000 pension funds invest less than 4 percent of their assets directly into housing and real estate, according to Richard Ferlauto, coordinator for the center's public capital program. Moreover, most of these funds go to high-end commercial development projects. The top 1,000 pension funds invest another 5 percent of their assets in mortgage-backed securities. While investments in these securities increase the availability of mortgage capital in the financial system, they do "little to promote affordability or target funds to disinvested communities," said Ferlauto.

Capital Gaps

The dispute over whether pension funds can earn competitive rates of return on ETIs centers on the concept of capital gaps. Economically targeted investing "is about finding gaping holes in the financial market and closing them. These holes exist because the current market has been held back by prejudice, inertia or an inability to recognize a good opportunity when it sees one," Tarr-Whelan argued.

Commissioner O'Cleireacain, the forum's keynote speaker, said that imperfect capital markets create capital gaps, citing high yield bonds and the secondary mortgage market as examples of vehicles developed to close those gaps. Insisting that "inefficiency is how anyone makes money in the marketplace," O'Cleireacain believes that properly structured ETIs also can take advantage of market inefficiencies.

O'Cleireacain stressed that better information and better analysis lead to superior market knowledge and provide higher rates of return. Economically targeted investing is "niche investing" at its best, she said, whether it focuses on mortgage lending in a specific geographical area or small business loans in a particular business community. After studying New York City's housing market, for example, New York City's pension funds have provided more mortgages than all the banks combined in some redlined neighborhoods. The city's pension funds have never taken below-market returns, and the pension funds have never subsidized the housing units. Instead, the pension fund leveraged government guarantees.

While the staff of New York City's sizable pension funds was able to conduct the necessary housing market analysis, not all state and city pension funds have the resources to do so. In most cases, the overhead cost of gaining specialized market knowledge has to be picked up by other state agencies, such as the economic development office, or by intermediaries financed by other state agencies or charitable foundations, Ferlauto told IRRC. He said the investment arm of the state should not be expected to pick up these additional costs.

Role of the Clinton Administration

Forum attendees voiced optimism that the pending change in administrations would improve the climate for ETIs, but none called for Clinton to make bold changes in this area. Their optimism hinged more on the prospect of attitudinal changes than on hopes for executive orders or new legislation.

Tarr-Whelan told IRRC that ETI proponents are looking forward to Clinton's leadership in three main areas, none of which requires changes in law or new government mandates. These are using the bully pulpit of the

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presidency to promote ETIs; reinterpreting provisions of the Employee Retirement Income Security Act of 1974 (ERISA) to allow fund managers more flexibility in their investment decisions; and establishing a national clearinghouse on ETIs to serve as a resource and to allow evaluation.

During the election campaign, Clinton said he would like to tap pension funds to supplement federal government spending, particularly in rebuilding the nation's infrastructure. Felix Rohatyn, who has advised Clinton on economic issues and is the senior partner of the Wall Street firm Lazard Freres & Co., told *The Washington Post* in mid-November that Clinton would follow two key guidelines when using pension fund money to help ease the country's economic woes. First, he predicted, Clinton would likely adopt a voluntary approach, allowing individual money managers to retain control of investment decisions. Second, any bonds offered to pension funds would have to offer financial returns competitive with other investments.

Clinton also has called for the creation of a network of community development banks that would provide small loans to individuals and businesses in inner-city neighborhoods. Many activists advocate the view that pension funds are an appropriate source of capital for these banks, particularly if the federal government would fashion additional guarantees. Pension fund money already has been used to establish First Trade Union Savings in Boston and the Brooklyn Community Bank.

Reinterpretation of ERISA

ETI proponents say that the Bush administration's narrow interpretation of ERISA, administered through the Department of Labor, has caused most pension funds to steer clear of ETIs. While ERISA governs private pension fund investments only, public pension fund managers generally look to ERISA to guide their behavior and responsibilities. The two key legal principles of pension fund investing are the duty of prudence and the exclusive benefit rule.

In 1989, the Labor Department replaced the previously established "prudent" standard with the requirement that investments be commensurate with prevailing interest rates offered by financial institutions. The Bush administration also required that standards be based solely on return to the fund, and not on other advantages to pensioners or to the social use of funds. The Labor Department decided such ancillary benefits can be considered only if all financial considerations between competing investments are equal.

ETI proponents favor more liberal pension fund investment rules that would permit funds to accept lower than the prevailing rate of return. The Center for Policy Alternatives proposes allowing pension funds to achieve a rate of return commensurate with the average return of the entire portfolio. The center notes that while pension fund trustees use the terms offered by banks and securitized by the secondary market as their benchmark return, these rates often exceed the average rate of return achieved by pension fund managers in their portfolio.

The center also argues that pension funds have lower costs for funds than banks because the pension system accumulates capital through regularized contributions. As a result, while pension funds have similar gross earnings, they do better on their net returns. The center believes it's sufficient for a plan to protect its principal and be funded by reasonable rates of return to meet its obligations fully. In advocating these changes, Tarr-Whelan queried: "Wall Street brokers have invested funds across the country and around the globe in pursuit of the highest yield and, as we know, the risks have often been high. Why not opt for perfectly acceptable returns closer to home by investing in the communities in which we actually want to live?"

In November, a Labor Department advisory task force on pension investments issued a draft recommendation calling on the agency to employ a more flexible approach. While the task force rejected the idea of dropping the prevailing rate of return, in a marked departure from the traditional view it did say the department should allow investments to be measured in terms of the collateral benefits—including job creation—to plan participants and beneficiaries. The draft report recommended that the department encourage money managers to consider nontraditional investments that provide economic benefits to a region or an industry, without sacrificing returns for retirees. The task force also urged the department to gather data on "rates of return, risk experience and collateral benefits such as jobs created, tax base expansion or other social costs avoided."

While ETI proponents predict a healthier climate for ETIs under President Clinton, it remains to be seen how many fund managers will be persuaded. But no matter what happens, the question won't disappear; as Commissioner O'Cleireacain told forum attendees, "As long as pension funds represent the major form of savings for a growing generation of Americans, the use to which those savings are put will be an important issue."

—*Susan Williams*

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Checklist of 1993 Shareholder Resolutions

Following is a list of the shareholder resolutions on social policy issues that IRRC will track in News for Investors throughout the 1993 proxy season and cover for Social Issues Service subscribers in separate Proxy Issues Reports. The list provides annual meeting dates where available. It also identifies resolutions that have been withdrawn as a result of agreements between the companies and the proponents and resolutions that the Securities and Exchange Commission staff has given companies permission to omit from their proxy statements because they violate some element of the shareholder proposal rule. Changes to the checklist in the preliminary proxy season preview sent to Social Issues Service subscribers Dec. 17 appear in boldface.

Company	Resolution	Sponsor or Coordinator	Date or Status
Aetna	health care policy	UBCJA	April 30
	examine tobacco investments	ICCR	
Albertson's	report on equal employment	U.S. Trust, ICCR	**late May ?**
Allegheny Power	energy conservation report	ELCA	May 14
Allergan	no expansion in S.A./code of conduct	ABC	April 27
Allied-Signal	withdraw from nuclear weapons business	ICCR	April 26
	endorse Ceres principles	ELCA	
Amdahl	no sales to Escom	NYC	**May 6**
American Brands	compliance with tobacco code	NYCERS	May 5
	report on insurance subsidiary's tobacco links	John Slade	
	implement MacBride principles	NYC, NYSCRF	
	rpt on cigarette promotion to minorities and poor	ICCR	
American Cyanamid	no expansion in S.A./code of conduct	ABC	April 19
	report on sales to Escom	NYC	
	endorse Ceres principles	ICCR	
American Express	endorse Ceres principles	ABC	April 26
	report on James Bay project	ELCA	
American International Group	report on equal employment	ICCR	**mid-May ?**
Amoco	health and safety policy	UBCJA	April 27
	report on Burmese operations	ICCR	withdrawn
Arvin Industries	no expansion in S.A.	NYSCRF	**April 8**
AT&T	endorse Ceres principles	ELCA	April 21
	review maquiladora operations	ICCR	
	no Soviet slave labor use	Mark Seidenberg	**omitted**
	plant closings	CWA	
Armstrong World Industries	endorse Ceres principles	ELCA	withdrawn
Atlantic Richfield	report on Ceres principles	ABC, FRDC	May 3
	PAC contributions	UBCJA	
Baker Hughes	no expansion in S.A.	NYSCRF, ABC	January 27
	implement the MacBride principles	NYC, NYSCRF	
Bandag	no expansion in S.A./code of conduct	GBPUMC	**May 6**
Banc One	community reinvestment report	CHW, ICCR	**April 20**
Bankers Trust	third world debt crisis aid	ICCR	April 20
Barnett Banks	community reinvestment report	CHW	April 21
Baxter International	endorse Ceres principles	CBIS	**withdrawn**
	review maquiladora operations	ELCA	**April 30**
Boeing	cut ties to S.A.	ABC	April 26
	foreign military sales report	ICCR	
Boston Edison	close Pilgrim plant	Mary Ott	April 27
Bristol-Myers Squibb	endorse Ceres principles	ABC	May 4
	implement infant formula code	ELCA	

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Checklist

Caterpillar	no expansion in S.A./code on conduct	ABC	April 14
Chase Manhattan	no bank ties to S.A.	GBPUMC	April 20
	third world lending criteria	ELCA	withdrawn
	third world debt crisis aid	ICCR	
	community reinvestment report	ICCR	
Chemical Bank	**low income and minority lending**	**UBCJA Pension Fund**	
	no bank ties to S.A.	GBPUMC	May 18
	third world lending criteria	ICCR	
Chevron	no expansion in S.A./code of conduct	ABC	**May 4**
	endorse Ceres principles	ICCR	
	report on equal employment	ICCR	**withdrawn**
Chrysler	endorse Ceres principles	ABC	**mid-May ?**
	report on maquiladora operations	ICCR	
Cincinnati Gas & Electric	**energy conservation report**	**ICCR**	**mid-April ?**
Citicorp	no bank ties to S.A.	ABC	**April 20**
	third world lending criteria	ICCR	
Coastal	report on Ceres principles	ICCR	May 6*
Comerica	community reinvestment report	GBPUMC	**late April ?**
Cooper Industries	**endorse Ceres principles**	**ICCR**	**April 27**
	report on maquiladora ops.	**ICCR**	
Corning	endorse Ceres principles	ICCR	**April 29**
Crown Cork & Seal	no expansion in S.A.	NYSCRF	April 22
Deere	no expansion in S.A.	NYSCRF	February 24
Dole Food	**evaluate health reform proposals**	**NYC**	**June ?**
Dominion Resources	energy conservation report	ELCA	April 16
Donaldson	**no expansion in S.A.**	**NYSCRF**	**November ?**
Donnelly	endorse Ceres principles	CBIS	**March 25**
	report on maquiladoras	**ICCR**	
Dow Chemical	health and safety policy	UBCJA	May 13
Dresser	report on contracts with Sasol	NYC, ABC	March 18*
Dun & Bradstreet	implement MacBride principles	NYC, Minn.	**April 20**
Du Pont	foreign reporting of chemical emissions	FoE	April 28
	review maquiladora operations	**ICCR**	
	abortion contributions	**Leschin**	
Eastman Kodak	endorse Ceres principles	ELCA	May 12*
Eaton	military conversion	ICCR	April 28*
Echlin	**no expansion in S.A.**	**NYSCRF**	**Dec. ?**
EG&G	military criteria	ICCR	April 27
Exxon	endorse Ceres principles	NYCERS	April 28
	foreign reporting of chemical emissions	FoE	
Federal Home Loan Mortgage	report on lending policies	ICCR	**May 14**
Firstar	no bank ties to S.A.	ICCR	April 22
Florida Progress	nuclear reactor report	Louis Putney	**April 15**
FMC	foreign military sales report	ICCR	April 16
Ford	endorse Ceres principles	ABC	May 13
FPL Group	endorse Ceres principles	CBIS	**May 10**
Gannett	compliance with tobacco code	ICCR	May 4
GAP	**report on N. Ireland operations**	**Minn.**	**May 25**
GATX	implement MacBride principles	NYC, Minn.	April 23
GenCorp	star wars report	ICCR	March 31*
General Dynamics	**economic conversion**	**ICCR**	**early May ?**
General Electric	broadcast standards review	John Surr	April 28
	report on equal employment	ICCR	
	endorse Ceres principles	ELCA	

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	sustainable energy strategy	GESA	
	military conversion	GESA	
	review maquiladora operations	ICCR	
	report on N. Ireland operations	Minn.	**withdrawn**
General Motors	no sales to S.A. p. & m.	NYC, ABC	May 21
	foreign military sales report	ICCR	
	review maquiladora operations	ICCR	
	no animals in car tests	PETA	
	no slave labor use	Mark Seidenberg	
	endorse Ceres principles	**ICCR**	
General Public Utilities	energy conservation report	ELCA	May 6
Georgia-Pacific	endorse Ceres principles	ICCR	May 4
Gillette	no expansion in S.A.	NYSCRF, ABC	April 15
	animal testing report	PETA	
W.R. Grace	**endorse Ceres principles**	**ICCR**	**May 10**
	report on maquiladoras	**ICCR**	
Great Lakes Chemical	phase out methyl bromide production	ELCA	**May 6**
	endorse Ceres principles	ICCR	
Grumman	foreign military sales report	ICCR	**April 15**
GTE	military criteria	ICCR	**April 21**
	endorse Ceres principles	ICCR	
	report on equal employment	**ELCA**	
Halliburton	safety performance	UBCJA	May 18
Harnischfeger	no expansion in S.A.	NYSCRF	March 1
Harsco	no expansion in S.A.	NYSCRF	April 27
Homestake Mining	endorse Ceres principles	GBPUMC	May 11
Honeywell	economic conversion	ICCR	April 20
Illinois Tool	report on N. Ireland ops.	Minn.	May 7
Ingersoll-Rand	no expansion in S.A./code of conduct	ABC, ELCA	**April 22***
	no sales to Escom & Sasol	NYC	
Interface	implement MacBride principles	NYC	**late April ?**
IBM	cut ties to S.A.	James Leas, ABC	**late April ?**
	abortion contributions	Shirley Leschin	
International Flavors	no expansion in S.A.	NYSCRF	**May 13**
International Paper	**endorse Ceres principles**	**ICCR**	**May 11**
ITT	review maquiladora operations	ICCR	**early May ?**
	endorse Ceres principles	ICCR	
James River	implement MacBride principles	NYC	**late April ?**
Johnson & Johnson	review maquiladora operations	ICCR	**April 29**
	drug pricing policy	ICCR	
	no expansion in S.A./code of conduct	**ICCR**	
Kerr-McGee	report on Ceres principles	ICCR, GBPUMC	May 4
Kimberly-Clark	endorse Ceres principles	ICCR	April 22*
K Mart	report on "adult fiction"	GBPUMC	**May 25**
Knight-Ridder	compliance with tobacco code	ICCR	**May 13**
Eli Lilly	drug pricing policy	ICCR	**withdrawn**
Lockheed	star wars report	ICCR	**May 11**
Loews	warnings on cigarette logos	ICCR	**May 11**
	report on insurance subsidiary's tobacco links	ICCR	
Louisiana Pacific	endorse Ceres principles	ICCR, NYCERS	**May 4**
Marsh & McLennan	report on N. Ireland ops.	NYC, NYSCRF	May 18
Martin Marietta	endorse Ceres principles	OCAW	**late April ?**
Mattel	war toys sales	ICCR	**May 12**
Maxus Energy	report on Ceres principles	ICCR	**April 27***

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Checklist

May Department Stores	report on equal employment	ICCR	**withdrawn**
McDonald's	endorse MacBride principles	ICCR	May 28
	endorse Ceres principles	**ICCR**	
	smoke free corporate facilities	ICCR/Mary Lehman	
McDonnell Douglas	foreign military sales	ICCR	April 30
	report on N. Ireland ops.	NYC, NYSCRF	
	discrimination in volunteer programs	Patrick Inniss	
Melville	cigarette-free pharmacies	ICCR	April 13
Merck	endorse Ceres principles	CBIS	
	health care policy	UBCJA	**withdrawn**
Merrill Lynch	report on James Bay project	ELCA	April 29
Minnesota Mining	no expansion in S.A./code of conduct	ICCR	**withdrawn**
	report on N. Ireland ops.	NYC, NYSCRF	**May 11**
Mobil	endorse Ceres principles	ABC	May 13
Molex	no expansion in S.A./code of conduct	GBPUMC	**October ?**
J.P. Morgan	no bank ties to S.A.	ICCR	May 12
Motorola	no land mine production	ICCR	May 4
National City	community reinvestment report	CHW	**late April ?**
NationsBank	no bank ties to S.A.	ABC	April 28
Newmont Mining	endorse Ceres principles	ICCR	May 6
Niagara Mohawk	energy conservation report	ELCA	May 4
Northrop	**economic conversion**	**ICCR**	**May 19**
Occidental Petroleum	endorse Ceres principles	NYCERS, ELCA	**late April ?**
Olin	no land mine production	ICCR	withdrawn
Oregon Steel	report on Ceres principles	U.S. Trust	April 29
Parker Hannifin	**no expansion in S.A.**	**NYSCRF**	**October ?**
Pennsylvania Power & Light	energy conservation report	ABC	**April 28**
Pepsi	**implement MacBride principles**	**ICCR**	
	smoke free corporate facilities	ICCR	May 4
	endorse Ceres principles	ABC	
	terminate Burmese ops.	ICCR	
Pfizer	drug pricing policy	ICCR	April 22
Phelps Dodge	no expansion in S.A.	NYSCRF	May 5
Philadelphia Electric	expand energy conservation	GESA/Robert Sutton	April 14
Philip Morris	warnings on cigarette logos	ICCR	April 29
	use federal definition of moderate drinking	John Slade	
	compliance with tobacco code	Connolly	
	report on tobacco lobbying	ICCR	**withdrawn**
	endorse Ceres principles	ICCR	**withdrawn**
	establish national cheese exchange	ICCR	**withdrawn**
Phillips Petroleum	health and safety policy	UBCJA	**May 10**
	endorse Ceres principles	**ICCR**	
Phillips van Heusen	**review Guatemalan maquiladoras**	**ICCR**	**June 1**
PPG	endorse Ceres principles	CBIS	**withdrawn**
Raytheon	no land mine production	ICCR	**late May ?**
Rite Aid	cigarette-free pharmacies	ICCR	**July 8**
RJR Nabisco	report on Joe camel	ICCR	**April 2***
	endorse Ceres principles	**ICCR**	
	report on equal employment	ELCA	withdrawn
Rockwell	military criteria	ICCR	Feb. 3
Safety Kleen	endorse Ceres principles	ICCR, FRDC	May 14
Schering-Plough	no expansion in S.A./code of conduct	ABC	**April 27**
	drug pricing policy	ICCR	
Sears	report on equal employment	ICCR	withdrawn

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A.O. Smith	report on maquiladora operations	ICCR	April 7
Sprint	**plant closings**	**G&S Speight**	**April 20**
Stepan	report on maquiladora operations	ICCR	**April 30**
Sundstrand	economic conversion	ICCR	April 20
SunTrust	community reinvestment report	CHW	**April 20**
Tenneco	cut ties to S.A.	NYC, ABC	**May 11**
	endorse Ceres principles	ICCR	
Texaco	report on equal employment	ICCR	**May 11***
	no expansion in S.A./code of conduct	**ICCR**	
Texas Instruments	economic conversion	ICCR	**April 15**
Textron	foreign military sales report	ICCR	April 28
Time Warner	**report on equal employment**	**ICCR**	**July ?**
	compliance with tobacco code	ICCR	
Timken	no expansion in S.A.	NYSCRF	**April 20**
Tribune	report on equal employment	GBPUMC	April 20
TRW	star wars report	ICCR	**April 28**
Union Carbide	endorse Ceres principles	ELCA	**April 28**
	no expansion in S.A.	NYSCRF, ABC	
	release chemical safety records	ELCA	
Union Electric	report on radiation releases	ICCR	**April 27**
Union Pacific	report on Ceres principles	ICCR	**April 16**
	shareholder designated contributions	Melvin Horton	
Unisys	cut ties to S.A.	NYC	**April 29**
	economic conversion	ICCR	
	implement MacBride principles	NYC, NYSCRF	
United Technologies	no expansion in S.A.	NYSCRF	**late April ?**
	endorse Ceres principles	ELCA	withdrawn
	foreign military sales report	ICCR	
	implement MacBride principles	NYC	
UST	no smokeless tobacco ads	Connolly	**May 4**
USX	endorse Ceres principles	ABC, NYCERS	May 3
Vulcan Materials	endorse Ceres principles	ICCR	**May 20**
Wal-Mart	**standards for suppliers**	**FRDC**	**early June ?**
	report on equal employment	ACTWU, ICCR	
Waste Management	endorse Ceres principles	ABC, ELCA	**late May ?**
	review maquiladora operations	ICCR	
Westinghouse	endorse Ceres principles	ELCA	April 28
	no nuclear warhead production	ICCR	
Weyerhaeuser	endorse Ceres principles	ICCR	April 15
	report on equal employment	**ICCR**	
Wheelabrator	endorse Ceres principles	ABC	**late May ?**
Xerox	implement MacBride principles	NYC, NYSCRF	**May 20**
	no abortion contributions	Patrick Lysobey	
Zenith	report on maquiladora operations	ICCR	**April 27**

The abbreviations of sponsors or coordinators stand for the following: ABC-American Baptist Churches; CBIS-Christian Brothers Investment Service; CHW-Catholic Healthcare West; CWA-Communications Workers of America; ELCA-Evangelical Lutheran Church in America; FoE-Friends of the Earth; FRDC-Franklin Research Development; GBPUMC-General Board of Pensions of the United Methodist Church; GESA-General Electric Stockholders' Alliance; ICCR-Interfaith Center on Corporate Responsibility; NYC-New York City; NYSCRF-New York State Common Retirement Fund; Minn.-Minnesota Board of Investment; OCAW-Oil, Chemical and Atomic Workers; PETA-People for the Ethical Treatment of Animals.

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Shirley Leschin, of Marshalltown, Iowa, who has proposed scattered anti-abortion resolutions to companies since 1987, saw her campaign crumble last year when the SEC staff agreed with companies that proposals asking them to "refrain from support of any organizations that endorse, counsel or perform abortion" could be omitted on ordinary business grounds because they could be interpreted to affect employee benefits such as health insurance. Leschin has rewritten the proposal to recommend "that corporate policy relating to charitable contributions be sensitive to the agendas of recipients." Du Pont and IBM have already challenged the resolution on grounds that it is so vague as to be impossible to effectuate, and would seem to have a good chance of winning that argument. Leschin has apparently proposed the resolution to several other companies, but told IRRC she did not think it would be "prudent" to reveal which ones.

The other anti-abortion proposal that IRRC is aware of is a resubmission of a 1991 and 1992 proposal to Xerox from Patrick Lysobey that asks the company not to provide assistance "to any organization which advocates the termination of human life at any stage of existence, including preborn children." Xerox did not try to omit this proposal last year, despite the SEC staff switch on abortion funding resolutions, in compensation for the fact that it had accidentally failed to print Lysobey's supporting statement in 1991.

Discrimination in contributions: Patrick Inniss continues to be unhappy about McDonnell Douglas's administration of employee volunteer programs, which he feels discriminate based on religion and sexual orientation. A new resolution on this issue asks the company to "prohibit the operation of any programs which are not open to all employees regardless of sexual orientation." (The issue here is that the company operates the MDC Explorer Program, which follows Boy Scout guidelines and denies admission to gay men and lesbians.) This resolution would appear to be excludable under the Cracker Barrel decision.

Shareholder-designated contributions: Melvin Horton has resubmitted his 1991 shareholder proposal to Union Pacific that asks the company to adopt Warren Buffett's Berkshire Hathaway approach of allowing shareholders to designate contributions based on the number of shares owned. The company has already written to the SEC to try to omit the proposal this time on ordinary business grounds, citing the 1992 decisions that allowed companies to omit contributions proposals.

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